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ALL FARM PRODUCTS INDEX DOWN 4 POINTS

The September All Farm Products index for Minnesota was down 4 percentage points from August.

The Crops index for September was down 4 points from August. Prices received by farmers for soybeans for September averaged $6.28 per bushel, a decrease of 65 cents from the August price. Corn decreased 3 cents from August to a September price of $2.24 per bushel.

The Meat Animal index decreased 8 points from last month. The all hog price for September was $52.90 per cwt., a decrease of $4.20 from the August price. The all beef cattle price for September was $76.30, a decrease of $1.00 from the August price.

The Dairy Products index was up 1 point from last month. The all milk price for September, at $15.30 per cwt., was up 10 cents from August.

AVERAGE PRICES RECEIVED BY FARMERS

Commodity And Unit	U.S. Sep 2004 1/	Minnesota Sep 2003 2/	Minnesota Aug 2004 2/	Minnesota Sep 2004 1/
Barley, Feed & Malting, bu 3/	2.56	2.35	1.99	1.96
Beans, Dry Edible, All, cwt	23.40	17.90	19.60	20.90
Kidney, cwt	4/	3/	3/	3/
Navy, cwt	4/	17.00	3/	3/
Pinto, cwt	4/	14.90	17.70	22.60
Corn, bu	2.13	2.05	2.27	2.24
Hay, All, Baled, ton	87.70	66.00	61.00	68.00
Alfalfa, Baled, ton	95.50	73.00	70.00	76.00
Other, Baled, ton	65.70	52.00	48.00	51.00
Oats, bu	1.33	1.30	1.21	1.28
Potatoes, cwt	5.21	4.90	6.15	5.80
Soybeans, bu	5.77	5.82	6.93	6.28
Sunflowers, All, cwt 3/	14.00	9.89	15.80	3/
Wheat, All, bu	3.50	3.43	3.22	3.51
Calves, cwt	129.00	100.00	118.00	115.00
Cattle, All Beef, cwt 5/	86.30	75.90	77.30	76.30
Cows, cwt, 6/	52.80	51.10	57.90	56.00
Steers & Heifers, cwt	89.80	84.20	81.80	81.00
Milk Cows, head 7/	- -	- -	- -	- -
Hogs, All, cwt	53.70	40.30	57.10	52.90
Barrows & Gilts, cwt	54.30	40.40	57.20	53.00
Sows, cwt	41.60	31.40	49.70	43.00
Lambs, cwt 8/	- -	87.10	90.50	- -
Sheep, cwt 8/	- -	24.70	35.00	- -
Milk, All, cwt	15.10	15.50	15.20	15.30
Eggs, Table Market, doz	0.35	0.61	0.34	0.34

1/ Preliminary 2/ Entire month data 3/ Price not published to avoid disclosure of individual firms 4/Price not set at the US level 5/ "cows" and "steers and heifers" combined. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Animals sold for dairy herd replacement only. Prices published in Jan., Apr., Jul., and Oct. 8/ Preliminary prices discontinued Jan. 1996.

MINNESOTA INDEX OF PRICES RECEIVED (1977=100)

Commodities	U.S.* Sep 2004 1/	Minnesota Sep 2003 2/	Minnesota Aug 2004 2/	Minnesota Sep 2004 1/
All Farm Products	114	133	145	141
Crops	111	114	125	121
Meat Animals	119	147	178	170
Dairy Products	116	176	173	174
Poultry & Eggs	118	117	97	98

1/ Preliminary. 2/ Entire month data.
* U.S. based on 1990-92=100 reference replaces 1977 = 100 beginning Jan. 1995.

U.S. INDEX SUMMARY (1990-92 = 100)

Item	Aug 2003	Sep 2003	Aug 2004	Sep 2004
Prices Received	109	111	120	114
Prices Paid (Interest, Taxes, Wage Rates)	127	128	134	133
Parity Ratio 1/	86	87	90	86

1/ Computed by dividing Prices Received index by Prices Paid Index.
* 1990-92=100 reference replaces 1977=100 beginning January 1995

CONSUMER PRICE INDEX

1982-84=100:	September 2003	185.2	September 2004	189.9

MINNESOTA CORN FORECAST AT RECORD HIGH

CORN production is forecast at 1.07 billion bushels, up 25.8 million bushels from September 1 and 98.6 million bushels from 2003. If realized, this would be a record production set for Minnesota, 17.6 million above the previous record set in 2002. October 1 yield is forecast at 155.0 bushels per acre, up 8 bushels from September 1, and 9 bushels from last year. Revised planted acreage is 7.5 million acres and harvested acreage for grain is 6.9 million acres.

SOYBEAN production for Minnesota is forecast at 259.2 million bushels, down 3.6 million bushels from the September 1 forecast, but up 20.8 million bushels from the 2003 production. Based on October 1 conditions, the yield is forecast at 36.0 bushels per acre, unchanged from September 1, but up 4 bushels from the 2003 yield. Revised planted acreage is 7.3 million acres and harvested acreage is 7.2 million acres.

The **SUGARBEET** crop is estimated at 9.5 million tons, up 2 percent from September 1 but down 5 percent from 2003. Harvested acres are 479,000, unchanged from last month. Yield is estimated at 19.9 tons per acre, up 0.3 tons per acre from September 1, but down 0.7 tons per acre from last year.

This year's **DRY BEAN** production is estimated at 1.3 million hundredweight, down 30 percent from last year. Yield is forecast at 1,300 pounds per acre, down 400 pounds per acre from last year.

ALL SUNFLOWER production is forecast at 75.6 million pounds, down 47 percent from 2003. Yield is forecast at 1,350 pounds per acre compared to 1,611 pounds per acre in 2003. Planted acres are 60,000 while harvested acres are 56,000.

U.S. HIGHLIGHTS

CORN production is forecast at 11.6 billion bushels, up 6 percent from last month and 15 percent above 2003. Based on conditions as of October 1, the yield is expected to average 158.4 bushels per acre, up 9.0 bushels from September and 16.2 bushels above last year. If realized, both production and yield would be the largest on record. The previous record for both was set last year when production was estimated at 10.1 billion bushels and yield was 142.2 bushels per acre. Yields are forecast at record high levels in all Corn Belt States, except Minnesota and Wisconsin, as weather conditions have been mostly favorable throughout the growing season.

SOYBEAN production is forecast at 3.11 billion bushels, up 10 percent from the September forecast and 27 percent above 2003. If realized, this would be the largest U.S. soybean crop on record. Based on conditions as of October 1, yield is expected to average a record high 42.0 bushels per acre, up 3.5 bushels from September. Below-normal temperatures and adequate moisture during August and early September across most of the Corn Belt, Great Plains, and Delta were beneficial to the crop during the final stages of development. Above-normal temperatures followed, during the rest of September, just in time for the beginning of the harvest season.

MINNESOTA & U.S. HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2003 HARVESTED ACRES (000)	2004 HARVESTED ACRES (000)	2003 YIELD	2004 YIELD	2003 PRODUCTION (000)	2004 PRODUCTION (000)
MINNESOTA						
CORN (Bu)	6,650	6,900	146.0	155.0	970,900	1,069,500
SOYBEANS (Bu)	7,450	7,200	32.0	36.0	238,400	259,200
SUGARBEETS (Ton)	487	479	20.6	19.9	10,032	9,532
DRY BEANS 1/	110	100	1,700	1,300	1,870	1,300
SUNFLOWERS (Lb)	88	56	1,611	1,350	141,800	75,600
CANOLA (Lb)	56	32	1,820	1,350	101,920	43,200
ALFALFA HAY (Ton)	1,375	1,325	3.00	3.60	4,125	4,770
OTHER HAY (Ton)	700	650	1.60	1.80	1,120	1,170
UNITED STATES						
CORN (Bu)	71,139	73,311	142.2	158.4	10,113,887	11,613,226
SOYBEANS (Bu)	72,476	73,990	33.9	42.0	2,453,665	3,106,861
SUGARBEETS (Ton)	1,348	1,326	22.7	21.7	30,583	28,840
DRY BEANS 1/	1,347	1,250	1,672	1,495	22,515	18,693
SUNFLOWERS (Lb)	2,197	1,780	1,213	1,346	2,665,226	2,395,199
CANOLA (Lb)	1,068	832	1,416	1,517	1,512,250	1,261,820
ALFALFA HAY (Ton)	23,578	22,226	3.24	3.48	76,307	77,371
OTHER HAY (Ton)	39,764	39,363	2.03	2.25	80,816	88,549

1/ Yield in lb: production in cwt.

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES

WHEAT: Projected U.S. 2004/05 ending stocks of wheat are lowered 9 million bushels from last month as a 41-million-bushel increase in production (reported in the Small Grains Summary) is more than offset by 25-million-bushel increases in both exports and in feed and residual use. Feed and residual use is raised based on larger-than-expected use in the first quarter implied by September 1 grains stocks. The projected price range is raised 10 cents on the lower end to $3.10 to $3.50 per bushel because of the smaller stocks, larger exports, and higher-than-expected prices during the past month.

COARSE GRAINS: Once again, this month's outlook for 2004/05 U.S. feed grains is for a record total crop, higher use, and larger stocks. Forecast 2004 corn production is a record 11.613 billion bushels, up 652 million bushels from last month. Due to a reduction in planted and harvested area, 2004 grain sorghum production is down 10 million bushels. Barley production is up 7 million bushels and the oat crop is lowered 11 million bushels based on the Small Grains Summary. Projected feed and residual use of corn is up 200 million bushels from last month. However, exports are 25 million bushels lower due to the slow pace of export sales to date and increased competition from feed-quality wheat. No change is made to forecast industrial use of corn. Relative to last month, projected ending stocks of corn are up 482 million bushels but grain sorghum stocks are down 22 million bushels. Barley stocks and oats stocks are also lower.

OILSEEDS: U.S. oilseed ending stocks for 2004/05 are projected at 12.2 million tons, up 5.9 million tons from last month and up 8.0 million tons from revised 2003/04 ending stocks. U.S. total oilseed production is projected at 95.2 million tons, up 7.5 million tons from last month. Soybean production is forecast at a record 3,107 million bushels, up 271 million bushels from last month based on a record yield and higher harvested area. At 42.0 bushels per acre, the 2004 yield forecast exceeds the previous record of 41.4 bushels per acre set in 1994. Projected soybean exports are increased 25 million bushels due to reduced South American supplies and to more competitive U.S. prices. Soybean crush is raised 30 million bushels as domestic meal use and export prospects improve. Soybean ending stocks are projected at 405 million bushels, which would be the highest level since 1986/87.

The U.S. season-average soybean price for 2004/05 is projected at $4.70 to $5.50 per bushel, down from $5.35 to $6.25 last month. Soybean meal prices are projected at $150 to $180 per short ton, down $20 on both ends of the range from last month and down from $256.05 per short ton last year. Soybean oil prices are projected at 21.5 to 24.5 cents per pound, down 2 cents per pound on both ends of the range, and sharply below 29.97 cents per pound for 2003/04.

SUGAR: Projected U.S. sugar supply for 2004/05 is decreased 31,000 short tons, raw value, from last month, as lower beginning stocks more than offset higher production. Cane sugar production is increased 37,000 tons while beet sugar is decreased 4,000 tons, based on processors' latest projections (as of August) submitted to the Farm Service Agency. Florida cane sugar production is unchanged, while the other cane States are higher. Sugar use is unchanged.

For 2003/04, supply is decreased 64,000 tons. Production is lowered 69,000 tons, most of it due to Louisiana and based on processor reporting. Imported syrup for the extraction of sugar is increased 5,000 tons based on pace to date. Ending stocks are decreased 64,000 tons.

LIVESTOCK, POULTRY, AND DAIRY: NOTE: Due to uncertainties as to the length of the bans on trade in ruminant products because of the discovery of BSE in the United States and Canada in 2003, forecasts for 2004 and 2005 assume a continuation of policies currently in place. Subsequent forecasts will reflect any announced changes.

Total U.S. meat production forecasts for 2004 and 2005 are raised. Meat production forecasts for 2004 are slightly higher because of expected increases in pork and broiler meat output. Meat production in 2005 is raised 715 million pounds because of higher pork production as well as expected gains in beef and broiler meat. The pork production forecast for 2005 is raised because the September 24 Quarterly Hogs and Pigs report showed a larger pig crop for the third quarter of 2004 and also indicated that producers intend to farrow more sows through February 2005. Favorable forage conditions are expected to lead to more grazing of cattle and larger placements in 2005. Coupled with heavier cattle weights, beef production in 2005 is forecast higher than last month. Continued strong hatchery data indicate higher expected broiler meat output in the first quarter of 2005.

Broiler exports in 2004 are increased because declining broiler prices have boosted purchases by markets that had curtailed buying when prices rose sharply earlier this year. Turkey and mature chicken export forecasts are raised because shipments have been stronger than expected. Beef imports are increased for 2004 and 2005 as lower cow slaughter attracts more manufacturing grade beef.

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Hog price forecasts for 2004 and 2005 are raised. Demand for pork is expected to remain strong, causing prices to remain relatively high despite increased production. Cattle prices are reduced slightly in both 2004 and 2005. Broiler prices are reduced for fourth-quarter 2004.

The milk production forecast for 2003/04 is raised due to a slightly larger cow herd and increased milk per cow. The forecast for 2004/05 is increased because the cow herd is expected to be larger than forecast last month. Milk per cow is unchanged from last month as recent gains in growth are expected to be constrained by continued limitations in rBST supplies during 2004/05. Milk price forecasts for 2003/04 are little changed from last month. Milk price forecasts for 2004/05 are slightly higher than last month as demand for milkfat is expected to remain relatively strong. Cheese and butter prices are expected to be higher, resulting in increased forecasts for Class III and Class IV milk compared with last month. The all milk price is raised to $13.35 to $14.15 per cwt for 2004/05

SOURCE: USDA-WAOB-WASDE-415, October 12, 2004

SEPTEMBER MILK OUTPUT DOWN SLIGHTLY IN MINNESOTA

Totaling 635 million pounds, the state's September milk production was down less than half of 1 percent from September 2003.

Output per cow was 1,365 pounds in September, up 10 pounds from last September. Milk cows for September averaged 465,000 head, the same as August but 5,000 below a year ago.

September 2004 milk output in the 20 major states was 11.88 billion pounds, up 1 percent from September 2003. Milk cows in the 20 states averaged 7.77 million head, up 6,000 from the previous year. At 1,529 pounds, production per cow was 18 pounds greater than September 2003.

AUGUST/SEPTEMBER 2004 MILK STATS

State	Milk Production		Percent of Previous Year	
	Aug	Sep	Aug	Sep
	Million Lbs.		*Percent*	
California	3,076	2,970	104	105
Idaho	797	767	104	104
Minnesota	**670**	**635**	**100**	**100**
New York	981	929	99	97
Pennsylvania	826	795	98	99
Wisconsin	1,854	1,784	99	100
20 States	12,376	11,879	101	101

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